GRAIN TRANSPORTATION REPORT

Agricultural Marketing Service
United States Department of Agriculture

FEBRUARY 20, 2001

Energy Costs Contribute To Expected Income Drop. High production costs and low commodity prices will likely be the primary factors in another expected drop in farm income, according to a recent study by the Food and Agriculture Policy Research Institute (FAPRI). Established in 1984 through a grant from the U.S. Congress, FAPRI combines the expertise of economists from both Iowa State University and the University of Missouri in a mission to "provide objective analysis of food, agricultural, nutritional, and environmental issues." Its annual report, which was presented to Congress last week, is expected to contribute to legislative decisions concerning future farm policy. Among the findings, the group indicates that farm income may drop more than $9 billion during the next 2 years, reaching a 16-year low. It also indicates that farm income is likely to drop to $39.6 billion in 2001, and $36.3 billion in 2002, compared to farm income of $45.4 billion just last year. Further, that income level is not expected to reach the $45 billion level until the end of the this decade, according to the FAPRI researchers.

Contributing heavily to the income drop will be rising energy costs. The agricultural sector relies heavily on fuel to operate tractors, irrigation equipment, and other farm machinery, as well as the production of fertilizers, such as nitrogen, which is produced using natural gas. In addition, researchers note that factors such as energy costs have multiple impacts. Rising fuel costs, for instance, will increase the price of fertilizer and reduce the projected use of irrigation, thereby lowering yield expectations. Nebraska farmer, Keith Dittrich, states that irrigation for this year's corn crop is expected to cost roughly $67 an acre, compared to $37 last year. Fertilizer costs, on the other hand, are roughly $40 per acre, compared to just $25 per acre last year. "You keep looking for ways to find better efficiencies in your operation, but there's a limit to that," and its reaching a "point where there is no place to cut," said Dittrich. This cost factor, according to FAPRI projections, will lead to a 1.5 million acre decrease in corn planted acreage this year, to 78 million acres, compared to last year. Much of this acreage will be shifted into soybeans, which will increase to 76 million planted acres, FAPRI notes. With this shift, the researchers forecast a higher corn price per bushel of $2.05, compared to $1.87 in 2000, and a lower price for soybeans. Soybeans are expected to drop to $4.53 per bushel during the 2001/02 marketing year, compared to 4.75 in 2000. Soybeans, it should be noted, require fewer input costs, such as fuel, fertilizer, and chemicals, than corn.

According to the study, these baseline projections are based on assumptions that include normal weather, continuation of present farm programs, the continuation of government rates at their maximum levels through the 10-year baseline period, and the growth of U.S. and world economies according to Standard and Poor's DRI forecasts. "The projections represent our best estimates of what the world would look like under a very specific set of assumptions," according to Robert Young, a FAPRI codirector. He noted the report's purpose was to serve as a benchmark for analyzing alternative policies. *(BridgeNews 2/13, AP 2/13, http://www.fapri.missouri.edu*

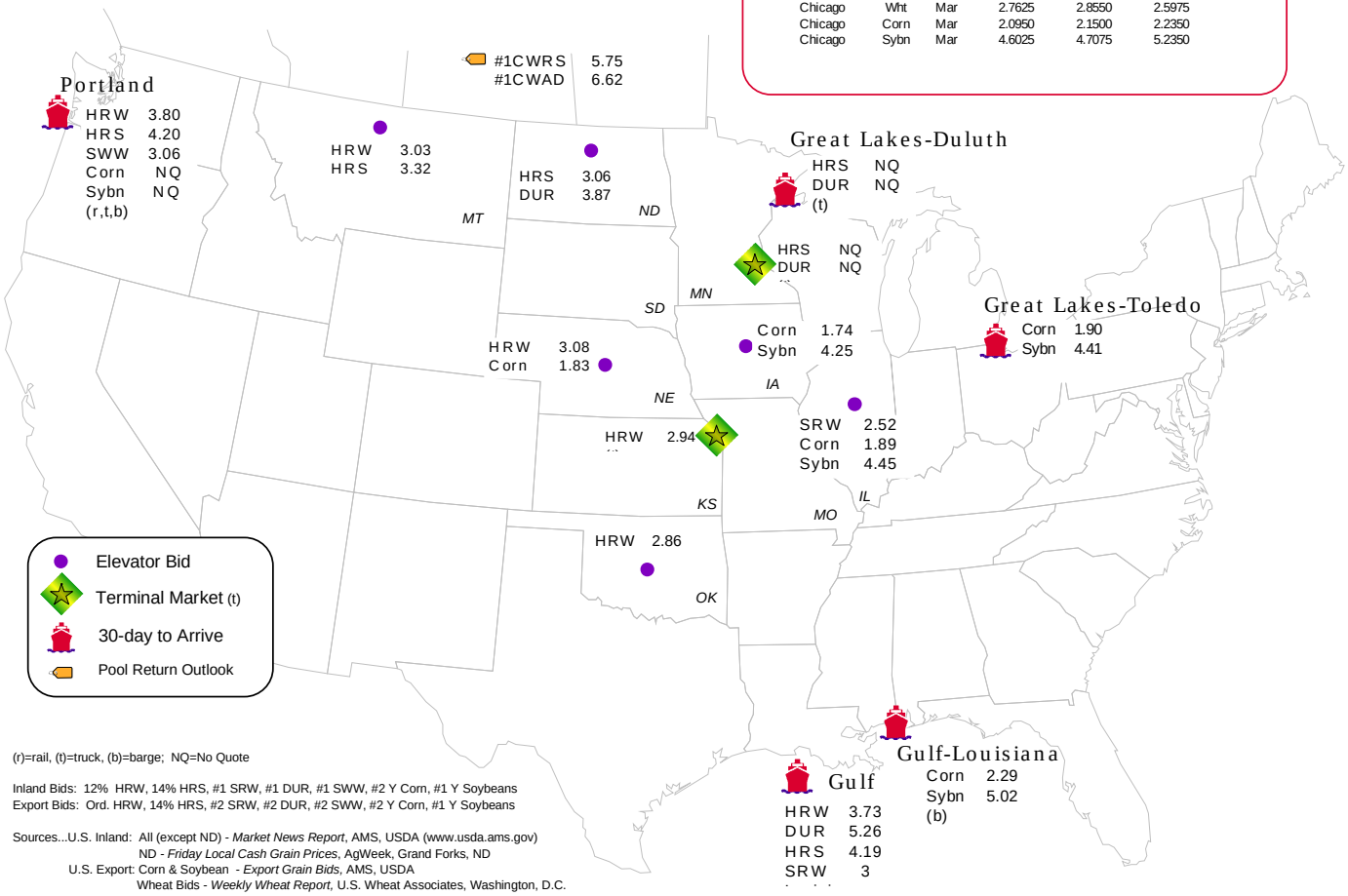
Soybean Seed in Short Supply. Soybean producers may find it difficult to find seed this spring, due to an increase in demand and the poor quality of last year's crop caused by drought and high temperatures. Farmers wanting to shift from corn and other expensively grown crops to more energy-efficient soybeans will find a short supply of seeds, especially late-maturing varieties developed specifically for southern-tier counties of Kansas, as well as Oklahoma, Texas, Arkansas, Louisiana, and Mississippi, according to Dennis Morrice, executive director of the Kansas Soybean Association. "Those who have ordered early have their seed; those who procrastinated and are waiting will have difficulty finding seed," said Morrice. Soybeans naturally fix their own nitrogen into the soil, requiring less energy in terms of fertilizer, which is produced using natural gas, and require little cultivation, thereby minimizing diesel fuel costs in operating tractors and combines. In addition, the appeal of the crop is enhanced by USDA's soybean price support rate of $5.26 per bushel, which is higher than that of many other crops. *(AP 2/10)*

Transportation Costs Increase with Energy Costs. Limited fuel supplies and increasing costs have affected all modes of transportation during 2000, increasing costs to agricultural carriers and shippers, according to a USDA report. The trucking sector, for example, has struggled through high fuel costs during this period, leading to additional drops in operating margins and an increasing trend in bankruptcies. Although the industry is experiencing some relief on a national level since diesel prices peaked in October 2000, energy is still a significant concern in California, the national leader in agricultural production. Electricity shortages in that State have already affected storage and processing facilities, as well as diesel production and distribution, decreasing gas inventories and adding to its supply and price volatility. Ocean shipping rates, on the other hand, are expected to decrease, but this would be due to the delivery of additional capacity and a slowing U.S. economy, not fuel costs. Last year's increase in fuel costs affected maritime shipping through increased bunker surcharges, a per container cost charged by shipping lines. Following a 2-year decline, these surcharges increased from $2.00 per metric ton shipped to $8.00 per metric ton in the first quarter of 2000. It is uncertain how long this can be maintained. In addition, the California energy situation still has the potential to threaten a trend toward ocean rate stability. *(Jim DelCiello, USDA-TM-MTA, James.DelCiello@usda.gov)*

Report is prepared by Karl Hacker and Sigal Nissan, Agricultural Economists, Transportation & Marketing, Agricultural Marketing Service, USDA (202) 690-1304. Report design by Kimberly Vachal, Upper Great Plains Transportation Institute, North Dakota State University. This report can be found on the Internet at www.ams.usda.gov/tmd/grain.htm. E-mail comments to Karl.Hacker@usda.gov .

Grain Bid Summary

Futures:			01/26/01	Week Ago 01/19/01	Year Ago 01/28/00
Kansas City	Wht	Mar	3.2500	3.3250	2.8775
Minneapolis	Wht	Mar	3.2825	3.2950	3.2225
Minneapolis	Dur	Mar	5.1300	5.1300	n.a.
Chicago	Wht	Mar	2.7625	2.8550	2.5975
Chicago	Corn	Mar	2.0950	2.1500	2.2350
Chicago	Sybn	Mar	4.6025	4.7075	5.2350

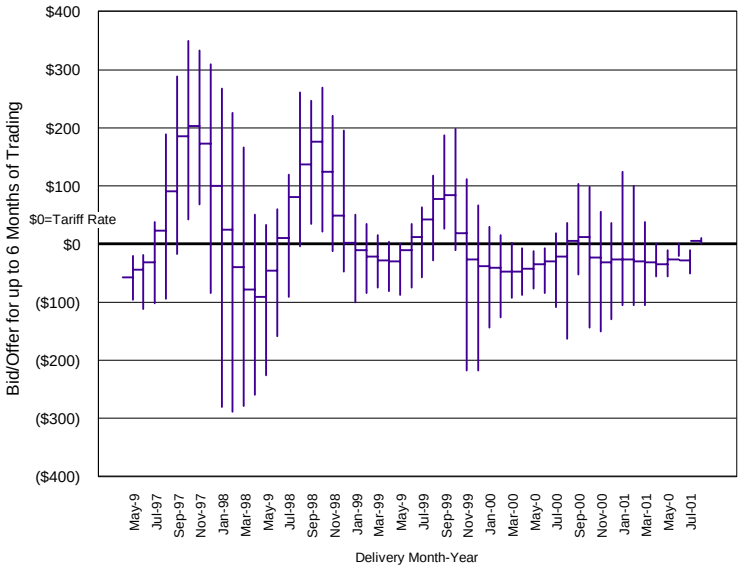


(r)=rail, (t)=truck, (b)=barge; NQ=No Quote

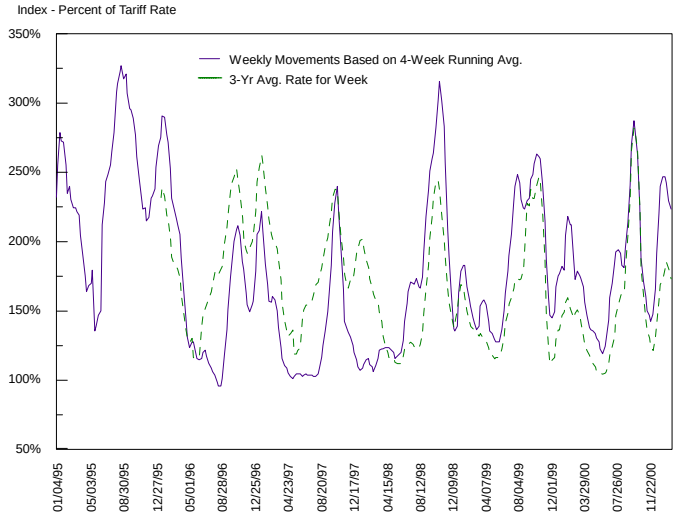
Inland Bids: 12% HRW, 14% HRS, #1 SRW, #1 DUR, #1 SWW, #2 Y Corn, #1 Y Soybeans
Export Bids: Ord. HRW, 14% HRS, #2 SRW, #2 DUR, #2 SWW, #2 Y Corn, #1 Y Soybeans

Sources...U.S. Inland: All (except ND) - *Market News Report*, AMS, USDA (www.usda.ams.gov)
ND - *Friday Local Cash Grain Prices*, AgWeek, Grand Forks, ND
U.S. Export: Corn & Soybean - *Export Grain Bids*, AMS, USDA
Wheat Bids - *Weekly Wheat Report*, U.S. Wheat Associates, Washington, D.C.
Canada: Bids in CAN$, Canadian Wheat Board, Winnipeg (www.cwb.ca)

Secondary Rail Market Bids



Spot Barge Rate - Illinois River



Rail Car 'Auction' Offerings

Delivery for:	Mar-01		May-01	
	Offered	% Sold	Offered	% Sold
BNSF-COT	12,141	59%	12,143	2%
UP-GCAS	5,400	0%	5,400	0%

Source: Transportation & Marketing /AMS/USDA; www.bnsf.com; www.uprr.com

Secondary Rail Car Market

Average Premium/Discount to Tariff, $/Car - Last Week

	Delivery Period			
	Mar-01	Apr-01	May-01	Jun-01
BNSF-GF	$38	$(11)	$(12)	$(11)
UP-Pool	$(1)	$(48)	$(49)	$(38)

Source: T&M/AMS/USDA. Data from Atwood/ConAgra., Harvest States Co-op, James B. Joiner Co., Tradewest Brokerage Co.;
GF=Guaranteed Freight, GEEP=Guaranteed Eqpt. Exchange, Pool=Guaranteed Pool

note... bids listed are market INDICATORS only & are NOT guaranteed prices, missing value=No Bid Quoted

Railroad Car 'Auction' Results

Average Premium/Discount to Tariff, $/Car - Last Auction

Delivery for:	Apr-01	May-01	Jun-01
COT/N. Grain	no bid	no bid	no bid
COT/S. Grain	no bid	no bid	no bid
GCAS/Region 2	no bid	no bid	no offer
GCAS/Region 4	no bid	no bid	no offer

Source: T&M/AMS USDA. Data from www.bnsf.com, www.uprr.com,
(COT=Certificate of Transportation; GCAS=Grain Car Allocation System)

Southbound Barge Freight Nominal/Cash Basis Values

Index=Percent of Tariff, Based on 1976 Tariff Benchmark Rate

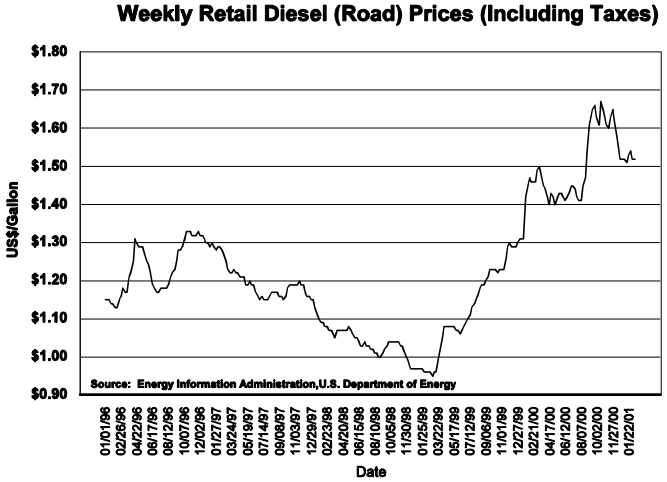
Week ended	River/Region	Contract Period	Rate Futures	Rate Cash
02/20/01	St. Louis	Mar	138	140
		May	130	140
		Jul	134	140
		Sep	195	0
		Nov	158	0
	Illinois River	Mar	168	173
		May	146	153
		Jul	156	165
		Sep	215	0
		Nov	178	0

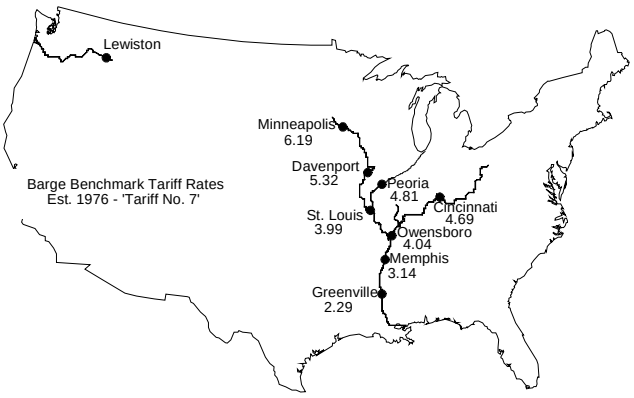
Source: St. Louis Merchants Exchange

Southbound Barge Freight Spot Rates

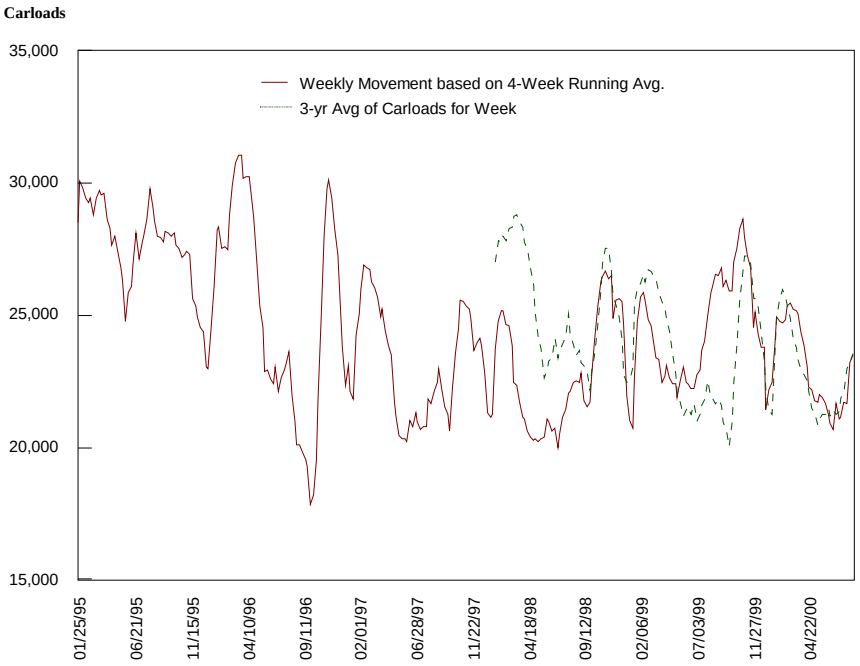
	2/14/01	2/7/01	Mar. '01	May. '01
Twin Cities	0	0	0	188
Mid-Mississippi	0	0	183	159
Illinois River	184	209	173	151
St. Louis	145	143	140	130
Lower Ohio	140	141	139	135
Cairo-Memphis	133	136	134	126

Source: Transportation & Marketing /AMS/USDA
nq=no quote;





Grain Car Loadings for Class I Railroads



Class I Railroad Grain Car Loadings

Week Ending:	Carloads
1/27/01	24,361
2/3/01	21,781
2/10/01	22,743
Year to Date - 2001	135,897
Year to Date - 2000	150,894
Total 2000	1,188,917
Total 1999	1,270,375

Source: Association of American Railroads

Class I Rail Carrier Grain Car Bulletin

Grain Carloads Originated

	East				West			Canada	
	Conrail	CSXT	IC	NS	BNSF	KCS	UP	CN	CP
02/10/01	0	3,371	0	3,605	8,797	367	6,603	4,919	5,010
This Week Last Year	0	3,169	2,069	2,776	8,891	917	8,094	3,168	4,356
2001 YTD	0	20,526	0	19,686	53,479	2,854	39,352	28,676	30,115
2000 YTD	0	17,528	11,637	17,503	52,634	4,116	47,476	16,973	23,106
2000 Total	0	147,708	70,155	153,905	425,849	26,515	364,785	160,749	239,670
1999 Total	15,522	132,157	88,056	138,379	465,088	33,911	398,262	121,381	206,328

Source: Association of American Railroads

Tariff Rail Rates for Unit Train Shipments

February 2001

Date Effective	Tariff Item	Commodity	Origin	Destination	Rate Per Car	Rate Per MT	Rate/Per Bushel*
02/05/01	45560	Wheat	Minneapolis, MN	Houston, TX	$2,050	$22.60	$0.62
02/05/01	43521	Wheat	Minneapolis, MN	Portland, OR	$3,877	$42.74	$1.16
02/05/01	46540	Wheat	Kansas City, MO	Houston, TX	$1,550	$17.09	$0.47
02/05/01	43586	Wheat	Kansas City, MO	Portland, OR	$4,240	$46.74	$1.27
02/05/01	43581	Wheat	Omaha, NE	Portland, OR	$3,905	$43.04	$1.17
02/05/01	31040	Corn	Minneapolis, MN	Portland, OR	$2,900	$31.97	$0.81
02/05/01	31035	Corn	Kansas City, MO	Portland, OR	$2,700	$29.76	$0.76
02/05/01	31040	Corn	Omaha, NE	Portland, OR	$2,700	$29.76	$0.76
02/05/01	61180	Soybean	Minneapolis, MN	Portland, OR	$2,680	$29.54	$0.80
02/05/01	61180	Soybean	Omaha, NE	Portland, OR	$2,430	$26.79	$0.73
05/01/98	61180	Soybean	Omaha, NE	Portland, OR	$2,780	$25.23	$0.83

Source: www.bnsf.com

Approximate load per car = 100 tons: Corn 56 lbs/bu, Wheat & Soybeans 60 lbs/bu

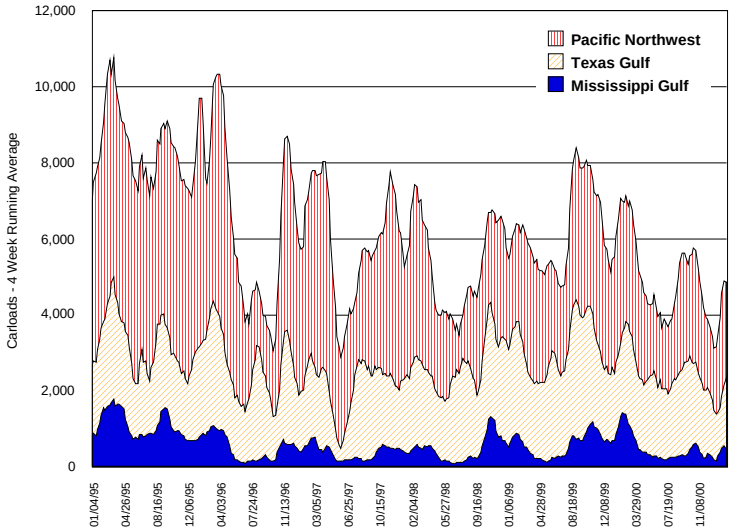
Rail Deliveries to Port
Carloads

	Mississippi Gulf	Texas Gulf	Pacific Northwest	Atlantic & East Gulf
Week Ending:				
01/10/01	298*	1,499	2,057	455
01/17/01	658*	888	3,009	973
01/24/01	445*	1,556	2,694	831
01/31/01	524*	1,569	3,000	892
02/07/01	523*	2,442	2,341	908
02/14/01	301*	2,077*	2,039	1,251
YTD 2001	2,857*	10,857*	16,758	5,920
YTD 2000	7,874	14,153	23,331	2,879
Total 1998	23,844	115,321	138,461	12,505
Total 1997	20,152	93,265	195,953	9,147

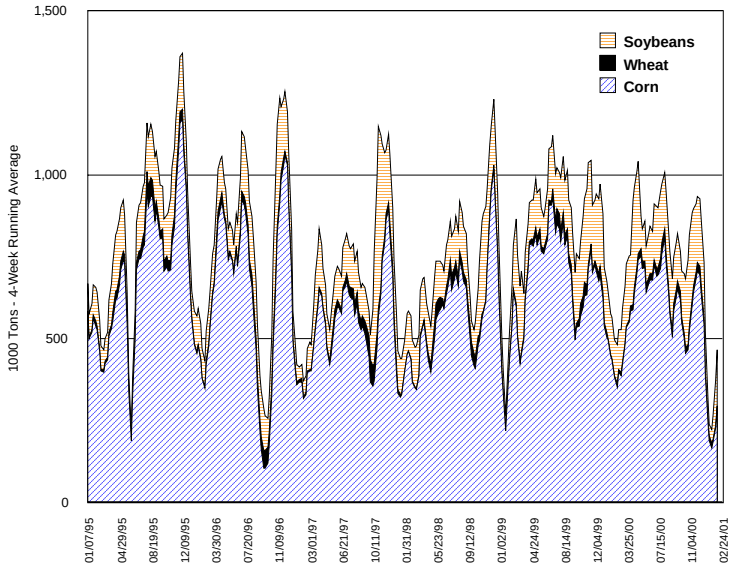
Source: Transportation & Marketing/AMS/USDA

(*) Incomplete Data

Rail Deliveries to Port



Barge Movements - Locks 27



Barge Grain Movements
for week ending 2/10/00

	Corn	Wht	Sybn	Total
	1,000 Tons			
Mississippi River				
Rock Island, IL (L15)	0	0	0	0
Winfield, MO (L25)	2	2	0	3
Alton, IL (L26)	429	8	195	645
Granite City, IL (L27)	404	5	200	623
Illinois River (L8)	311	0	119	444
Ohio (L52)	127	3	87	277
Arkansas (L1)	0	42	22	65
2001 YTD	2,513	249	1,244	4,326
2000 YTD	2,997	159	1,063	4,503
Total 2000	33,482	2,518	10,327	48,247
Total 1999	36,711	2,883	9,771	51,887

Miss YTD: Calendar year totals include Miss/27, Ohio/52 and Ark/1.
Source: U.S. Army Corp of Engineers; n/a=not available

U.S. Export Balances (1,000 Metric Tons)

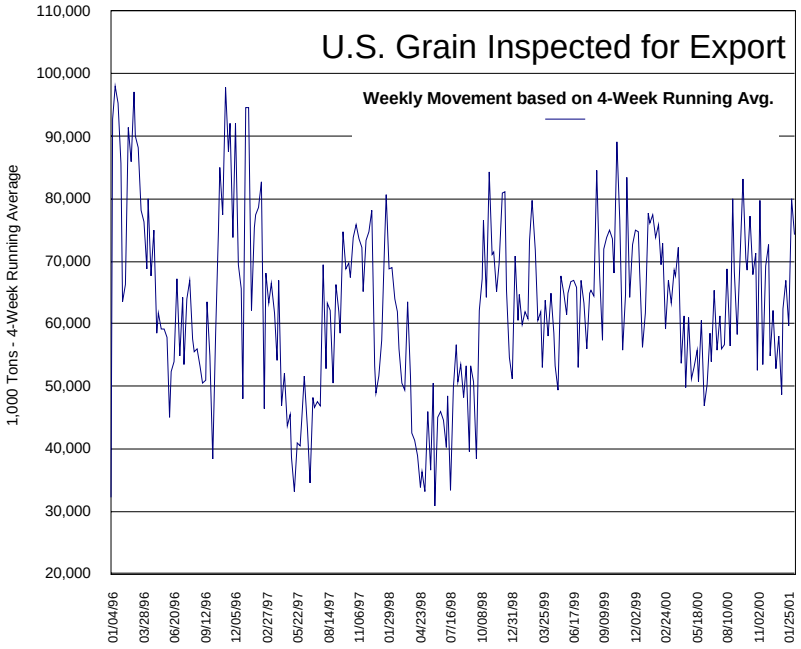
	Wheat						Corn	Soybean	Total
	HRW	*SRW*	*HRS*	*SWW*	*DUR*	*All*			
Unshipped Exports-Crop Year									
02/08/01	1,302	586	959	975	124	3,946	7,585	6,510	18,041
This Week Year Ago	1,039	466	886	487	233	3,111	7,469	3,701	14,281
Cumulative Exports-Crop Year									
00/01 YTD	6,665	3,184	3,936	3,507	842	18,134	20,055	15,502	53,691
99/00 YTD	8,168	3,094	3,955	2,900	692	18,808	22,379	17,713	58,900
97/98 Total	9,858	4,710	6,305	5,413	1,232	27,518	37,220	24,516	89,254
96/97 Total	7,387	3,645	7,864	6,105	963	25,965	44,476	24,501	94,942

Source: Foreign Agricultural Service YTD-Year-to-Date (www.fas.usda.gov) Crop Year:Wheat=5/31-6/01, Corn & Soybeans=9/01-8/31

Select U.S. Port Regions - Grain Inspections for Export - 1,000 Metric Tons

	Pacific Region			Mississippi Gulf			Texas Gulf		
	Wheat	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*	*Wheat*	*Corn*	*Soybean*
02/15/01	284	36	139	86	646	556	119	30	76
2000 YTD	1,279	580	436	617	3,728	2,818	657	52	190
1999 YTD *	1,300	1,114	245	802	4,306	3,085	680	10	329
% of Last Year	12%	13%	67%	12%	12%	19%	9%	9%	14%
1998 Total	10,838	4,373	651	5,048	31,330	14,917	7,270	562	1,392

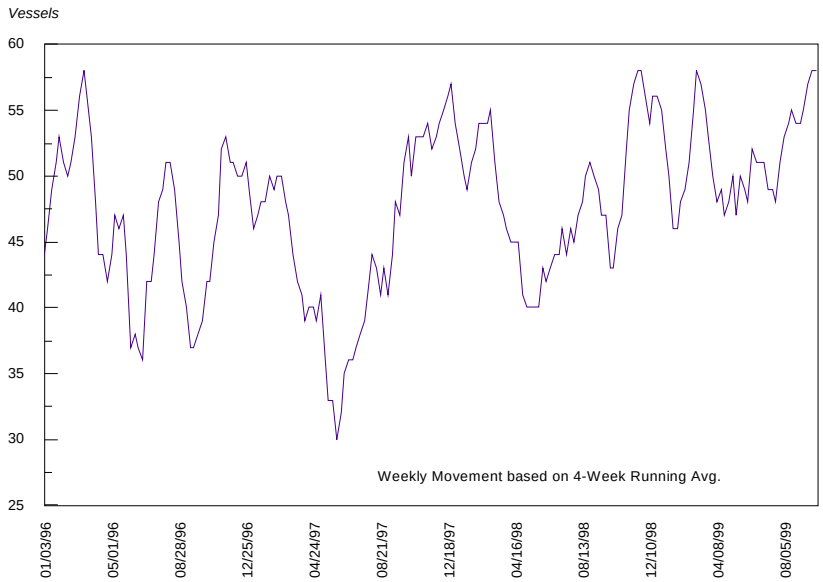
Source: Federal Grain Inspection Service YTD-Year-to-Date



Select Canadian Ports - Export Inspections
1,000 Metric Tons, Crop Year

	Wheat	Durum	Barley
Week Ended: 2/15/01			
Vancouver	3,365	280	729
Prince Rupert	784		0
Prairie Direct	706	178	203
Thunder Bay	490	171	36
St. Lawrence	1,614	1,212	25
2000 YTD Exports	6,959	1,841	993
1999 YTD Exports	7,375	1,877	752
% of Last Year	94%	98%	132%

Source: Canadian Grains Commission
YTD-Year-to-Date Crop Year 8/1-7/31



Gulf Region
Vessels Loaded
- Past 7 Days-

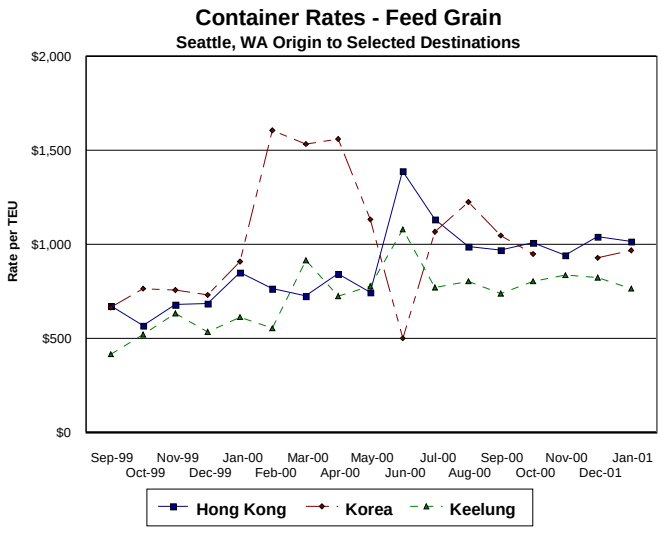
Port Region Ocean Grain Vessels

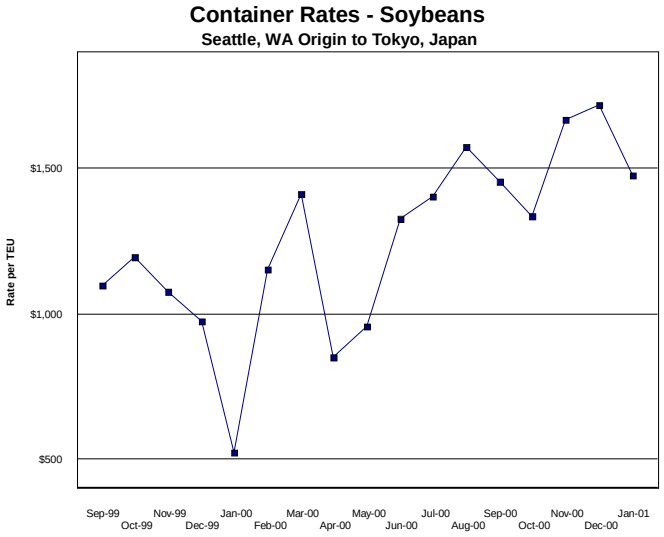
	Gulf			Pacific Northwest			Vancouver, B.C.		
	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days	In Port	Loaded 7-Days	Due Next 10-Days
02/08/01	45	55	73	18			12	11	3
02/15/01	54	50	74	15			12	7	1
1999 Range	(14..47)	(39..65)	(34..80)	(6..18)			(2..20)	(2..15)	(0..9)
1998 Range	(19..62)	(34..64)	(40..93)				(1..19)	(3..14)	(0..10)
1999 Avg	32	52	65				9	9	3
1998 Avg	40	48	61				10	9	3
1997 Avg	33	45	58						

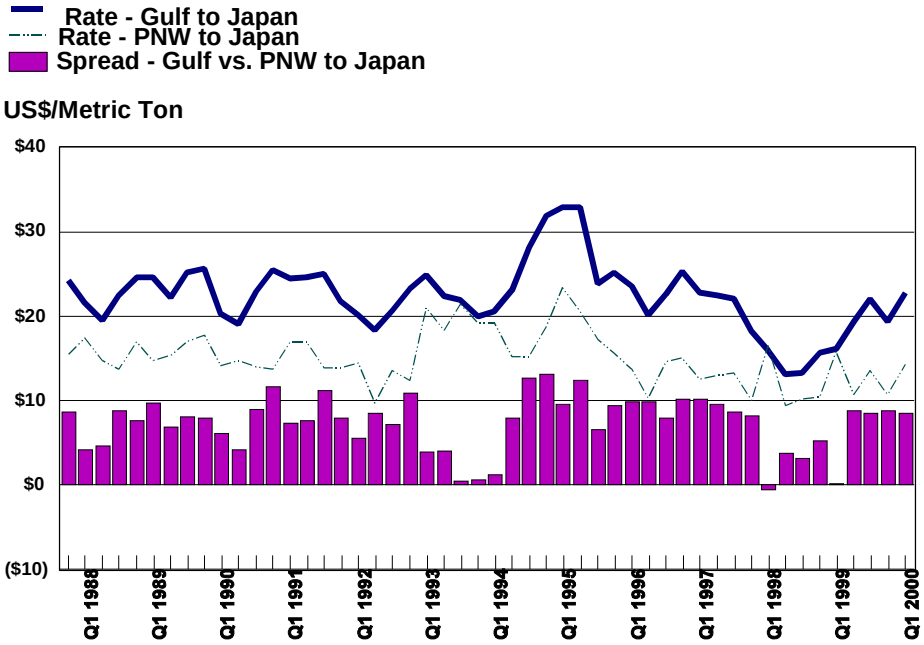
Source: Transportation & Marketing /AMS/ USDA

Container Ocean Freight Rates

Monthly Weighted Averages Based on Shipping Line Monthly Mkt. Share
Source: Transportation & Marketing/AMS/USDA







Quarterly Ocean Freight Rates

Quarterly Ocean Freight Rates
Average Rates & Percentage Changes, U.S. Dollars/Metric Ton - Basis

	2000 4th Qtr	1999 4th Qtr	% Change
Gulf to			
Japan	$22.38	$22.07	1%
Mexico	$13.39	$15.21	-12%
Venezuela	$13.29	$12.10	10%
N. Europe	$14.96	$13.68	9%
N. Africa	$22.26	$21.65	3%
Pacific NW to			
Japan	$15.87	$13.55	17%
Red Sea/ Arabian Sea	$26.70		
Argentina to			
N. Europe	$18.97	$17.77	7%
Japan			

Source: Transportation & Marketing/AMS/USDA; (*) rates shown are for metric ton (2,204.62 lbs.=one metric ton)

Ocean Freight Rates (Select Locations) - week ending 2/17/01

Export Region	Import Region	Grain	Month	Volume Loaded (Tons)	Freight Rate ($Ton)
Tampa	Amsterdam	Grains	Feb.20/28	28,500	$13.95
Gulf	Holland op Belgium	Heavy Grain	Feb.22/28	55,000	$12.00 op 12.10
Gulf	Egypt (Med.)	Wheat	Feb.15/20	55,000	$13.75
Gulf	Japan	Heavy Grain	Feb.25/Mar.5	54,000	$21.00
Gulf	China	Heavy Grain	Mar.5/10	56,000	$19.70
Mobile	No. China	Soybeans	Feb.14/20	56,000	$21.00
Parana River	Lisbon/Hamburg	Grains	Feb.23/28	30,000	$18.25
Parana River	Italy	Grains	Feb.23/Mar.3	42,000	$18.00
Hamburg	Algeria	Wheat	Feb.10/20	25,000	$12.00
Illyichevsk (Ukraine)	Cyprus	Barley	Feb.10/20	25,000	$8.75

Source: Maritime Research Inc.; rates shown are for long ton (2,240 lbs.=one long ton), F.O.B., except where otherwise indicated; op=option